COMPANY RESULTS

TIME dotCom (TDC MK)

2Q25: Within Expectations; Positive Retail Growth Trajectory

2Q25 core net profit rose 8% yoy to RM113.4m (-4% qoq), within expectations. Strong retail and enterprise revenue trajectory was complemented by solid contributions from associates. Sequential earnings were due to lower interest income from moderated cash balances. 2H25 earnings are expected to benefit from robust retail segment while management continues to focus on cost control. We lowered dividends; stock expected to offer yields of 5%. BUY. Target price: RM6.00.

2Q25 RESULTS

Year to 31 Dec (RMm)	2Q25	qoq % chg	yoy % chg	1H25	yoy % chg	yoy % chg
Revenue	**445.7**	**4.0**	**6.5**	874.3	4.5	2.6
EBITDA	185.5	1.9	7.8	367.5	4.3	1.0
PBT	143.2	(2.3)	5.7	289.8	1.2	(2.8)
Reported Net profit	104.6	(7.4)	5.6	217.6	3.8	2.1
EPS (sen)	5.7	(7.4)	5.6	11.8	3.5	1.7
DPS (sen)	0.0			0.0		
Core EBITDA	**197.1**	**4.6**	**9.3**	**385.5**	**8.3**	**7.2**
Core EBITDA Margin (%)	44.2	0.3	1.1	44.1	1.5	1.9
Core Net Profit	**113.4**	**(3.8)**	**7.7**	**231.3**	**8.8**	9.9
Core Net Profit Margin (%)	25.5	(2.1)	0.3	26.5	1.0	1.8
Segmental Revenue	**2Q25**	**1Q25**	**2Q24**	**qoq % chg**	**qoq % chg**	**yoy % chg**
Voice	10.9	11.0	11.7	(0.8)	(7.0)	(8.0)
Data	388.1	378.3	363.4	2.6	6.8	6.1
Cloud and Other Service	45.5	37.8	42.9	20.4	6.1	(22.2)

Source: TIME, UOB Kay Hian

RESULTS

- **2Q25 core net profit within expectations.** TIME dotCom (TIME) posted a 2Q25 core net profit of RM113.4m (+8% yoy; -4% qoq), supported by strong revenue growth in retail (+11% yoy) and enterprise (+11% yoy) segments, alongside higher associates' earnings. Sequentially lower earnings were due to lower interest income (-60% qoq), reflecting a lower cash position following the RM700m dividend payout in 1Q25. Cumulatively, 1H25 core net profit came in at RM231.3m (+9% yoy), representing 47% of our and consensus full-year forecasts, which we deem within expectations.

- **Lowered DPS for 2025-26.** The group did not declare any dividends for 1H25 (1H24: 18.93 sen/share) while cash balance continues to remain healthy at RM507m. We lower our 2025-26 net DPS to 27 sen/share and 30 sen/share (from 33.6 sen/share and 38.2 sen/share) respectively, assuming 100% dividend payout instead of 125% dividend payout. The stock offers a net dividend yield of 5.2% and 5.7% respectively.

KEY FINANCIALS

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	1,591.0	1,690.2	1,758.9	1,851.0	1,949.0
EBITDA	567.3	635.0	722.6	771.2	797.7
Operating profit	384.1	440.9	518.7	573.4	607.1
Net profit (rep./act.)	2,568.8	382.9	497.5	551.8	600.3
Net profit (adj.)	405.0	441.8	497.5	551.8	600.3
EPS (sen)	22.0	23.9	26.9	29.8	32.5
PE (x)	23.7	21.8	19.4	17.5	16.0
P/B (x)	2.3	2.4	2.4	2.4	2.4
EV/EBITDA (x)	14.2	13.2	12.0	11.6	11.7
Dividend yield (%)	16.5	10.9	5.2	5.7	6.2
Net margin (%)	25.5	26.1	28.3	29.8	30.8
Net debt/(cash) to equity (%)	(0.4)	(0.3)	(0.2)	(0.2)	(0.1)
Interest cover (x)	6.1	6.5	4.6	5.5	6.2
ROE (%)	9.7	11.2	12.6	14.0	15.2
Consensus net profit	-	-	477.9	520.0	560.2
UOBKH/Consensus (x)	-	-	1.0	1.1	1.1

Source: TIME dotCom, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM5.21
Target Price	RM6.00
Upside	+15.2%

COMPANY DESCRIPTION

Fixed line operator.

STOCK DATA

GICS sector	Communication Services
Bloomberg ticker:	TDC MK
Shares issued (m):	1,848.8
Market cap (RMm):	9,632.3
Market cap (US$m):	2,274.5
3-mth avg daily t'over (US$m):	1.6

Price Performance (%)

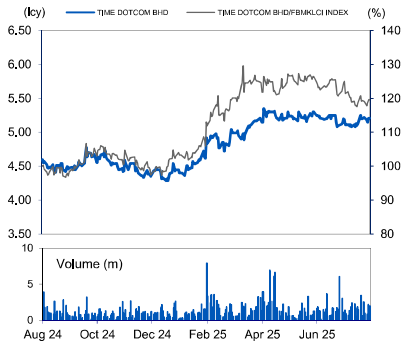
52-week high/low RM5.36/RM4.51

1mth	3mth	6mth	1yr	YTD
1.8	0.0	6.3	3.2	11.1

Major Shareholders	**%**
Employee Provident Fund	13.5
Pulau Kapas Ventures	10.0
Rahim Afzal	9.9

FY25F NAV/Share (RM)	2.06
FY25F Net Cash/Share (RM)	0.45

PRICE CHART



Source: Bloomberg

ANALYST(S)

Chong Lee Len
+603-2147 1992
leelen@uobkayhian.com

STOCK IMPACT

- **Retail.** 2Q25 retail revenue rose to RM177.6m (+11% yoy; -3% qoq), underpinned by higher household penetration across both multi-dwelling units (MDUs) and single-dwelling units (SDUs). ARPU was stable at RM117/month (1Q25: RM116/month) as the group focused on targeted plan rebate and marketing efforts. Customer base grew by 9,000 subscribers in 2Q25, reaching a total of 497,000 subscribers.
- **Cloud and enterprise solutions.** Revenue grew 6% yoy and 20% qoq to RM45.5m, with the sequential improvement primarily supported by stronger project execution in system integration (SI) solutions. Conversely, 1H25 revenue saw a 9% yoy drop largely attributable to revised terms and subscription rates of its VMWare offering. Given the one-off nature of SI solution projects, revenue from cloud and other solutions is expected to remain challenging, as the group expects contract renewals and customer migration to new subscription models in 2H25.
- **2Q25 core EBITDA margin rose 1.1ppt yoy and 0.3ppt qoq to 44.2%.** Margin improvement was primarily driven by lower operating expenses (excluding forex), resulting in a 1.3ppt yoy and 0.4ppt qoq reduction in the cost-to-revenue ratio to 68.2%. The group remains committed to ongoing cost optimisation initiatives.
- **Higher contribution from AIMS.** Share of profit from associates rose 4% yoy and was stable qoq at RM9.6m (accounting for 9% of group 2Q25 core net profit). AIMS delivered strong growth, driven by data centre capacity expansion in Cyberjaya. There were also one-off charges by new customers. Management guides for moderating 2H25 AIMS earnings outlook as interest and depreciation charges catches up in coming quarters. Meanwhile, Thailand-based associates CMC and Symphony remain under pressure from the ongoing border conflict with Cambodia.
- **Commendable home pass of 1.9m premises.** TIME's network now reaches 1.9m home passes, with recent additions evenly distributed between MDUs and SDUs. Management has guided for robust subscriber growth in 3Q25, supported by the onboarding of 500,000 new subscribers in Jul 25. Looking ahead, SDU subscriptions are expected to outpace MDUs, underpinned by strong demand in greenfield areas.

EARNINGS REVISION/RISK

- No change to earnings.

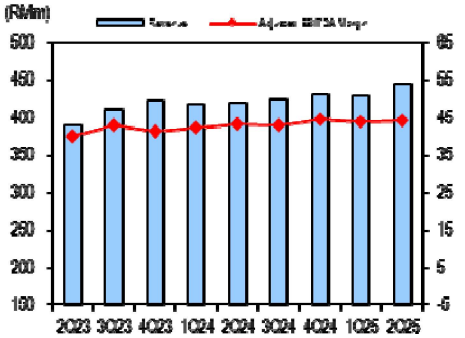
VALUATION/RECOMMENDATION

- **Maintain BUY with a DCF-based target price of RM6.00** (WACC: 7%, terminal growth: 4%). At our target price, the stock will trade at 14.2x 2025 EV/EBITDA, +2SD from mean. The stock offers a decent dividend yield of 5.2%.
- **Revised capex target of RM350m-400m in 2025.** Ytd capex stood at RM179m with a focus on fibre expansion on both MDUs and SDUs. The group revised its 2025 capex target from RM400m-RM450m to RM350m-RM400m, citing execution delays in non-consumer coverage expansion.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

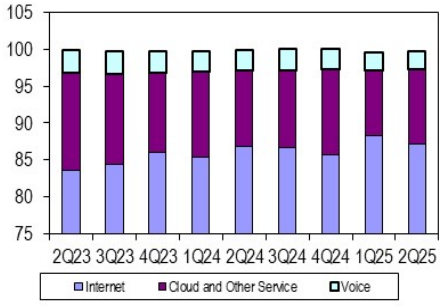
• **Environmental**
- Converted rural off-grid site with genset power to commercial grid power and adopted the use of new energy vehicles with GHG reduction feature.
- Increased solar energy adoption at TIME's headquarters led to 42,455.85 kWh of solar energy generated, contributing to a reduction in GHG emissions to 480 tonnes of CO_2 in FY24.
• **Social**
- Over RM4.5m spent on community investments and over 4,800 volunteering hours by employees.
• **Governance**
- Good company transparency along with an anti-bribery and anti-corruption policy.
- The board comprises nine members consisting of six Independent Directors and three Non-independent Directors including GCEO. Meanwhile, women comprise 44% (four directors) of the board.

REVENUE AND EBITDA MARGIN



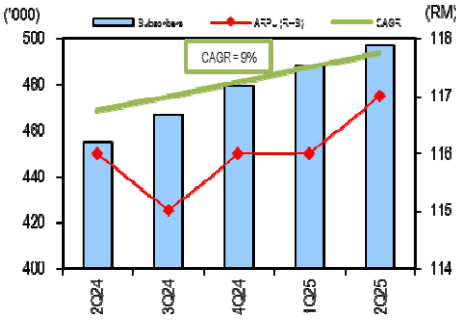
Source: TIME, UOB Kay Hian

REVENUE BY SEGMENT



Source: TIME, UOB Kay Hian

RETAIL SEGMENT – OPERATING MATRIX



Source: TIME, UOB Kay Hian

KEY ASSUMPTIONS

Key Assumptions	2025F	2026F	2027F
Revenue growth (%)	4.1	5.2	5.3
EBITDA margin (%)	41.1	42.6	43.0
CAPEX to Revenue (%)	20.0	20.0	20.0
Product growth (%)			
Voice	(10.0)	(10.0)	(10.0)
Internet	4.4	5.7	5.7
Data centre	5.0	5.0	5.0

Source: TIME, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	**1690.2**	**1758.9**	**1851.0**	**1949.0**
EBITDA	635.0	722.6	787.8	838.5
Deprec. & amort.	(194.1)	(203.8)	(197.8)	(190.5)
EBIT	440.9	518.7	590.0	648.0
Associate contributions	65.4	104.7	136.1	177.0
Net interest income/(expense)	19.8	63.8	52.4	38.8
Pre-tax profit	**526.2**	**687.2**	**778.5**	**863.8**
Tax	(140.7)	(183.7)	(208.1)	(230.9)
Minorities	(2.7)	(6.0)	(6.0)	(6.0)
Net profit	**382.9**	**497.5**	**564.4**	**626.9**
Net profit (adj.)	441.8	497.5	564.4	626.9

BALANCE SHEET

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	1,718.7	1,866.7	2,039.0	2,238.3
Other LT assets	1,662.0	1,766.8	1,902.9	2,079.9
Cash/ST investment	1,237.4	944.2	589.1	156.3
Other current assets	419.8	435.4	456.3	478.5
Total assets	**5,038.0**	**5,013.1**	**4,987.3**	**4,953.0**
ST debt	1.0	1.0	1.0	1.0
Other current liabilities	479.8	473.3	482.6	499.0
LT debt	2.9	102.9	202.9	302.9
Other LT liabilities	622.2	622.2	622.2	622.2
Shareholders' equity	3,932.1	3,813.8	3,678.7	3,528.0
Minority interest	32.9	38.9	45.0	51.0
Total liabilities & equity	**5,038.0**	**5,013.1**	**4,987.3**	**4,953.0**

CASH FLOW

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	**628.8**	**516.7**	**568.1**	**601.8**
Pre-tax profit	526.2	687.2	778.5	863.8
Tax	(140.7)	(183.7)	(208.1)	(230.9)
Deprec. & amort.	(194.1)	(203.8)	(197.8)	(190.5)
Associates	(3.1)	(104.7)	(136.1)	(177.0)
Working capital changes	38.0	(22.1)	(11.6)	(5.9)
Other operating cashflows	34.1	0.0	0.0	0.0
Investing	**55.4**	**(263.0)**	**(291.8)**	**(323.9)**
Capex (growth)	(324.8)	(351.8)	(370.2)	(389.8)
Proceeds from sale of assets	0.4	0.0	0.0	0.0
Others	399.0	88.8	78.4	65.9
Financing	**(678.0)**	**(546.9)**	**(631.5)**	**(710.6)**
Dividend payments	(630.1)	(621.9)	(705.5)	(783.6)
Issue of shares	6.0	0.0	0.0	0.0
Proceeds from borrowings	(7.1)	100.0	100.0	100.0
Others/interest paid	(46.9)	(25.0)	(26.0)	(27.0)
Net cash inflow (outflow)	**6.2**	**(293.1)**	**(355.2)**	**(432.8)**
Beginning cash & cash equivalent	**1235.0**	**1237.4**	**944.2**	**589.1**
Changes due to forex impact	(3.9)	0.0	0.0	0.0
Ending cash & cash equivalent	**1237.4**	**944.2**	**589.1**	**156.3**

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	43.1	41.1	42.6	43.0
Pre-tax margin	31.1	39.1	42.1	44.3
Net margin	26.1	28.3	30.5	32.2
ROA	8.8	9.9	11.3	12.7
ROE	11.2	13.0	15.3	17.8
Growth				
Turnover	6.2	4.1	5.2	5.3
EBITDA	8.9	(0.8)	9.0	6.4
Pre-tax profit	20.9	30.6	13.3	11.0
Net profit	(85.1)	29.9	13.4	11.1
Net profit (adj.)	9.1	12.6	13.4	11.1
EPS	(85.2)	29.9	13.4	11.1
Leverage				
Debt to total capital	0.1	2.3	4.5	6.8
Debt to equity	0.1	2.7	5.5	8.6
Net debt/(cash) to equity	(0.3)	(0.2)	(0.1)	0.0
Interest cover (x)	6.5	4.6	5.6	7.0

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